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October 8, 2009

VIA HAND

Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-001



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SURFACE
TRANSPORTATION BOARD

RE: STB Finance Docket No. 35308, Piedmont & Atlantic Railroad Co., Inc., d/b/a
Yadkin Valley Railroad Company --Acquisition and Operation Exemption--
Norfolk Southern Railway Company

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are an original and 10 copies of the Petition for Waiver of Piedmont & Atlantic Railroad Co., Inc. with respect to the labor notice requirements set forth at 49 C.F.R. § 1150.42(e). Also enclosed is a check in the amount of \$600 to cover the cost of the filing.

Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Very truly yours,

Rose-Michele Nardi

Enclosures

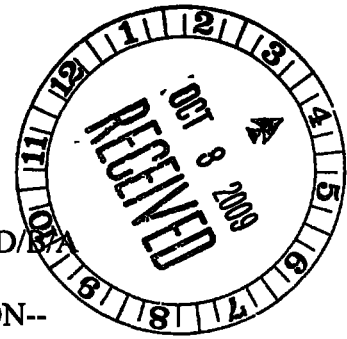
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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB Finance Docket No. 35308

PIEDMONT & ATLANTIC RAILROAD CO., INC., D/B/A
YADKIN VALLEY RAILROAD COMPANY.
-- ACQUISITION AND OPERATION EXEMPTION--
NORFOLK SOUTHERN RAILWAY COMPANY



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PETITION FOR WAIVER

EXPEDITED HANDLING REQUESTED

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Piedmont & Atlantic Railroad Co., Inc., d/b/a Yadkin Valley Railroad Company

("YVRR") currently leases from Norfolk Southern Railway Company ("NS") certain rail lines in North Carolina. The lease agreement between YVRR and NS includes an option to purchase the rail lines, which YVRR has exercised.

In connection with this option to purchase, YVRR is filing a verified notice of exemption, under 49 C.F.R. § 1150.41, with the Surface Transportation Board (the "Board"). YVRR hereby seeks a waiver from the labor notice requirements at 49 C.F.R. § 1150.42(e), either in whole or in part (*i.e.*, a reduction of the 60-day notice period to coincide with the effective date of the related notice of exemption discussed below). The waiver is appropriate in this case because it will not thwart the purposes the labor notice requirement was intended to serve.

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I. Statement of Facts.

Pursuant to the verified notice of exemption, filed contemporaneously with this Petition, YVRR seeks authority to acquire and operate the following rail lines: (1)

approximately from milepost K-37.0 at Rural Hall, Forsyth County, NC to milepost K-100.2 at North Wilkesboro, Wilkes County, NC, and (2) approximately from milepost CF-0.0 at Mount Airy, Surry County, NC to milepost CF-29.8 at Rural Hall, Forsyth County, NC. YVRR is acquiring these lines pursuant to the option to purchase in its lease agreement with the NS. YVRR previously received regulatory authority to lease and operate the same rail property. *See Finance Docket No. 32462, Piedmont & Atlantic Railroad Co., Inc. – Lease and Operation Exemption – L&S Holding Company d/b/a Laurinburg & Southern Railroad Co. and Yadkin Valley Railroad Company (“Lease Decision”)*.¹

Upon YVRR’s purchase of the subject lines, its rail operations will remain substantially identical to its current operations under its lease. Thus, YVRR does not anticipate that the sale transaction will create any jobs on the subject lines or adversely affect any employees currently working on these lines.

NS employees will not be adversely affected by the sale, because no NS employees have worked on the line since August 20, 2007.² Similarly, YVRR employees working on the subject lines will not be negatively impacted by this transaction. YVRR does not anticipate any elimination of jobs as a result of the sale, and no adverse changes in working conditions, rates of pay or benefits of YVRR employees

¹ In addition, in the *Lease Decision*, YVRR received authority to lease and operate North Carolina rail line approximately between milepost CF-29.8 at Rural Hall and milepost CF-38.5 at Brook Cove. Subsequently, YVRR and NS filed a notice of exemption to discontinue and abandon, respectively, this rail line. *See Docket Nos. AB-464X and AB-290 (Sub-No. 174X), Piedmont and Atlantic Railroad Co., Inc., d/b/a Yadkin Valley Railroad Company – Discontinuance of Service Exemption – In Forsyth and Stokes Counties and the City of Rural Hall, NC; Norfolk Southern Railway Company – Abandonment Exemption – In Forsyth and Stokes Counties and the City of Rural Hall, NC*, served Feb. 9, 1996.

² Prior to that time, NS employees operated over approximately three miles of YVRR track (all within yard limits), solely for purposes of facilitating interchange. The conversion of YVRR’s property interest in the subject lines from a lease to ownership will not necessitate any operational changes involving interchange activities between NS and YVRR.

are expected to result from the consummation of the sale. YVRR employees working on the subject lines are not represented by any labor organization.

II. Basis for Granting the Petition.

The purpose of this notice requirement “is to ensure that rail labor unions and employees who would be affected by the transfer of a line are given sufficient notice of the transaction before consummation.” See STB Finance Docket No. 35066, *Columbia Basin Railroad Company, Inc. – Acquisition and Operation Exemption – BNSF Railway Company and BNSF Acquisition, Inc.*, served November 30, 2007. As set forth below, this purpose would not be thwarted by the granting of this Petition.

In this sale, no employees of NS have worked on the subject lines for more than two years. Accordingly, no employees of NS will be displaced as a result of the sale, and no employees of NS will be forced to make the type of career choice the Board contemplated when it adopted the notice requirement. See STB Ex Parte No. 562, *Acquisition of Rail Lines Under 49 U.S.C. 10901 and 10902 – Advance Notice of Proposed Transactions*, 1997 WL 555638, served Sept. 9, 1997 (“*Advanced Notice Proceeding*”).

Similarly, as noted above, existing YVRR employees working on the subject lines should not be adversely affected by the consummation of the sale. This sale is not expected to reduce the number of available jobs on these lines or negatively affect the working conditions, rates of pay or benefits of YVRR employees working on these lines. In addition, YVRR employees on the subject lines are not represented by any labor organization, so serving labor organizations with notice of this transaction is unnecessary.

See Advanced Notice Proceeding, at *6 (“If there are no union employees on the line, no useful purpose would be served by requiring that national unions be notified”).

The Board previously has granted waiver requests under similar circumstances. *See* STB Finance Docket No. 34746, *Kansas & Oklahoma Railroad, Inc. – Acquisition Exemption – Rail Line of Union Pacific Railroad Company*, Sept. 15, 2005 (granting waiver where lessee/operator was acquiring ownership of line); STB Finance Docket No. 34660, *Georgia Central Railway, L.P. – Acquisition and Operation Exemption – Rail Line of CSX Transportation, Inc.*, Feb. 28, 2005 (finding that advance notice is unnecessary “because the planned transaction will merely convert operation under lease to a similar operation under [lessee’s] ownership”); STB Finance Docket No. 34334, *Lancaster and Chester Railway Company – Acquisition and Operation Exemption – Norfolk Southern Railway Company*, served April 28, 2003 (same); STB Finance Docket No. 35066, *Columbia Basin Railroad Company, Inc. – Acquisition and Operation Exemption – BNSF Railway Company and BNSF Acquisition, Inc.*, served November 30, 2007 (granting waiver in a transaction converting lease to ownership). A waiver is equally applicable in this case.

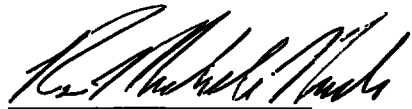
On October 8, 2009, YVRR posted a notice of the sale transaction pursuant to 49 C.F.R. § 1150.42(e). Contemporaneous with this Petition, YVRR is filing with the Board a Certificate of Posting, certifying YVRR’s posting of the labor notice. (YVRR has not notified the national labor organizations because no YVRR employee working on the leased lines is represented by such an organization.) Pursuant to this Petition, YVRR requests that the labor notice requirement for this transaction either be waived entirely or reduced to coincide with the effective date of the related notice of exemption.

As this Petition demonstrates, a waiver of the labor notice requirement in this case will not thwart the intended purposes of the notice requirement. The waiver will enable the sale to proceed without unnecessary delay.

III. Conclusion.

For all the foregoing reasons, YVRR requests that the Board grant this Petition.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rose-Michele Nardi", is written over a horizontal line.

Rose-Michele Nardi
Weiner Brodsky Sidman Kider PC
1300 19th Street, NW, Fifth Floor
Washington DC 20036


Attorneys for:

Piedmont & Atlantic Railroad Co.,
Inc., d/b/a Yadkin Valley Railroad
Company

Dated: October 8, 2009

VERIFICATION

I, Ronald E. McKenzie, President of Piedmont & Atlantic Railroad Co., Inc., d/b/a Yadkin Valley Railroad Company, certify under penalty of perjury that the foregoing Petition for Waiver is true and correct to the best of my knowledge, information and belief. Further, I certify that I am qualified and authorized to cause this Petition for Waiver to be filed.


Ronald E. McKenzie, President
Piedmont & Atlantic Railroad Co., Inc., d/b/a
Yadkin Valley Railroad Company

Dated: Oct. 7, 2009